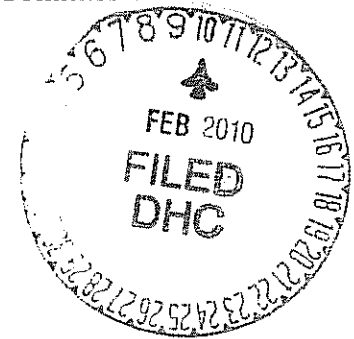


North Carolina
Wake County

Before the Disciplinary Hearing Commission
of the North Carolina State Bar
10 DHC 12



The North Carolina State Bar,
Plaintiff,

v.

ANSWER

Cabell J Regan, Attorney,
Defendant.

The Defendant, answering the complaint of the Plaintiff, alleges and says:

1. – 9. The allegations contained in paragraphs 1 through 9 are admitted. As a further answer to the allegations in paragraphs 1 through 9 of the complaint, the Defendant did open each of the accounts referred to with the stated intention and directive to the financial institutions that he was opening a trust account for his law practice. Each account name and printed checks clearly identified the account as a trust account. The Defendant executed the signature cards and other documents provided by the bank at the time of the opening of each account. The Defendant reasonably believed the trust accounts were properly constituted. The Defendant did not comply with the express language of Rule 1.15-2(k) which requires a lawyer to “file with the bank a written directive requiring the bank to report to the executive director of the North Carolina State Bar when an instrument drawn on the account is presented for payment against insufficient funds.”
10. As to the allegations contained in paragraph 10 of the complaint it is denied that the funds in excess of \$200,000 were not fiduciary funds or funds owned by or for the benefit of clients. It is expressly admitted that some funds deposited into a trust account were not fiduciary funds or funds owned by or for the benefit of clients. Said funds were funds belonging to others or in which others had an interest. The remaining allegations in paragraph 10 are admitted.
11. - 32. The allegations contained in paragraphs 11 through 32 of the complaint are admitted. As a further response to the allegations in paragraphs 11 through 18 of the complaint, the Defendant was the owner of the funds subject to wire transfers and checks payable to cash and the accounting of said funds would have been to the Defendant. The transfers were not made with a fraudulent purpose.
- 34.-39. The allegations contained in paragraphs 34 through 39 of the complaint are admitted.

33, 40. The allegations in paragraphs 33 and 40 are not factual allegations and no response is necessary. The defendant does not contest the conclusion stated by the Plaintiff.

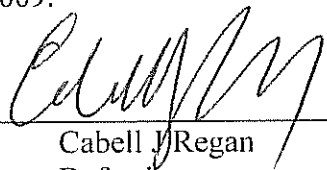
41. The allegations contained in paragraph 41 of the complaint are denied. Generally, Defendant reconciled the trust accounts on a monthly basis. Monthly Trust Account Reconciliation Statements have been provided to Plaintiff. During December of 2008 the Defendant made a clerical mistake which resulted in an error in favor of his client in the amount of approximately \$20,000. Beginning with the January 2009 bank statement, Defendant attempted but was unable to reconcile the bank statement. All trust account obligations to clients were honored. A new trust account was established with Capital Bank in July 2009, as alleged in paragraph 7 of the Complaint. Thereafter the trust account was reconciled monthly. It is admitted that the Defendant attempted to reconcile, was not able to reconcile, and did not reconcile the Sun Trust trust account for the first two quarters of 2009.

42. - 44. The allegations contained in paragraphs 42 through 44 are admitted. By way of a further answer to said allegations, it is alleged that all returns have been filed and taxes paid. The returns were not filed in a timely manner due to extenuating circumstances, which existed at the relevant times.

WHEREFORE, Defendant having answered the Complaint, prays the Court as follows:

1. The Defendant acknowledges and admits that the admissions hereinabove constitute grounds for discipline pursuant to NCGS 84-28(b)(2).
2. As to the violations alleged in the First Claim for Relief and Second Claim for Relief, the acts, actions or omissions of the Defendant were not with a fraudulent purpose.

This the 9th day of February, 2009.



Cabell J. Regan
Defendant
PO Box 1595
Pittsboro, NC 27312
919-542-2989

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Answer has been served upon the North Carolina State Bar my placing a copy in the US Mail, First Class, post paid and addressed as follows:

Ms. Margaret Cloutier
North Carolina State Bar
PO Box 25908
Raleigh, NC 27611.

This the 9th day of February, 2010.



Cabell J Regan
Defendant
PO Box 1595
Pittsboro, NC 27312
919-542-2989